

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BONN IMMEDIATE

C O N F I D E N T I A L STATE 064182

E.O. 11652: GDS

TAGS: TECH, ENRG, GW

SUBJECT:STATUS REPORT FOR FRG ON NUCLEAR REACTOR

NEGOTIATIONS WITH ISRAEL AND EGYPT

REF: STATE 04044

PURSUANT TO REFTTEL PARAGRAPH 6 PLEASE TRANSMIT THE
FOLLOWING MESSAGE TO FRG STATE SECRETARY HERMES: QUOTE:
ON BEHALF OF UNDER SECRETARY ROBINSON, THE FOLLOWING
INFORMATION CONCERNING PROGRESS AND STATUS OF CURRENT
NEGOTIATIONS WITH EGYPT AND ISRAEL ON THE MATTERS OF
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NUCLEAR REACTOR SUPPLY IS PROVIDED:

IN EARLY 1974 EGYPT AND ISRAEL APPROACHED THE UNITED STATES TO NEGOTIATE GOVERNMENT-LEVEL AGREEMENTS FOR COOPERATION NECESSARY TO PERMIT SALE OF POWER REACTORS AND NUCLEAR FUEL TO THESE COUNTRIES.

DURING A PRESIDENTIAL TRIP TO THE MIDDLE EAST IN JUNE 1974, IT WAS ANNOUNCED THAT NEGOTIATIONS ON SUCH AGREEMENTS WOULD COMMENCE. WITH REGARD TO EGYPT, THE ENSUING NEGOTIATIONS RESULTED IN ISSUANCE OF A U.S.-EGYPTIAN JOINT STATEMENT DURING PRESIDENT SADAT'S RECENT VISIT WHICH RECORDED AN AGREEMENT IN PRINCIPLE BETWEEN OUR TWO COUNTRIES TO UNDERTAKE A PROGRAM OF COOPERATION AGREEMENT IN PRINCIPLE CONTEMPLATES THAT WE WILL STILL HAVE TO NEGOTIATE AND FINALIZE THE DETAILED AGREEMENT FOR COOPERATION COVERING THE TWO REACTORS AND THEIR FUEL. ALSO, IT EXPLICITLY CONTEMPLATES CONGRESSIONAL REVIEW OF THE TEXT. NEGOTIATIONS WITH THE EGYPTIAN GOVERNMENT ARE CONTINUING, AND THERE IS NO SUBSTANCE TO THE SPECULATION THAT THEY HAVE FALLEN THROUGH DUE TO ISRAELI OPPOSITION TO THE TERMS THAT HAVE BEEN OFFERED. ON THE CONTRARY WE ARE HOPEFUL THAT ISRAEL WILL BE AGREEABLE TO THE SAME TERMS AND THE GOI HAS BEEN GIVEN A SUBSTANTIALLY IDENTICAL DRAFT AGREEMENT FOR CONSIDERATION.

WE HAVE ADVANCED WITH THE EGYPTIANS TO THE POINT THAT WE ARE NOW ACTIVELY DISCUSSING AND CONSIDERING TEXTUAL CHANGES.

FROM A SUBSTANTIVE STANDPOINT, THE PROPOSED AGREEMENTS AND THE INTERPRETIVE NOTES THAT WOULD ACCOMPANY THEM ARE PARTICULARLY DISTINCTIVE FROM A SAFEGUARDS STANDPOINT. BEARING IN MIND THE UNIQUE SENSITIVITY OF THE REGION, THE USG IS SEEKING THE INCORPORATION IN THE TEXT OF THE MOST STRINGENT SET OF SAFEGUARDS YET INCORPORATED INTO ANY U.S. NUCLEAR COOPERATION AGREEMENT. WHILE THE TERMS GO BEYOND THE MANDATORY OBLIGATIONS OF THE LONDON GUIDELINES, WE WOULD STRONGLY HOPE THAT ANY OTHER NUCLEAR SUPPLIER DEALING WITH EITHER COUNTRY WOULD ADOPT COMPARABLE CONDITIONS, BEARING IN MIND

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THOSE GUIDELINES DEALING WITH CLOSE CONSULTATIONS AND THE NEED TO CONSIDER SPECIAL RESTRAINT ON SENSITIVE TRANSFERS TO SENSITIVE REGIONS.

MORE SPECIFICALLY, DURING THE TIME OF THE SADAT VISIT THE U.S. AND EGYPT AGREED INTER ALIA, TO INCLUDE THE FOLLOWING SAFEGUARDS OR CONTROLS INTO THE AGREEMENT NOW BEING NEGOTIATED. WE WOULD EXPECT THESE TERMS TO BE

INCLUDED IN ANY COMPANION NUCLEAR POWER AGREEMENT WITH ISRAEL:

1. ASSURANCE THAT NONE OF THE ASSISTANCE PROVIDED WILL BE USED FOR ANY MILITARY PURPOSE, INCLUDING A SPECIFIC GUARANTEE THAT IT WILL NOT BE USED TO MANUFACTURE ANY TYPE OF NUCLEAR EXPLOSIVE DEVICE.

2. AGREEMENT THAT INTERNATIONAL SAFEGUARDS, ADMINISTERED BY THE INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA) WILL BE APPLIED TO ALL U.S.-SUPPLIED MATERIALS AND FACILITIES, AS WELL AS THE PLUTONIUM PRODUCED FROM SUCH SUPPLY. THE AGREEMENT WILL ALSO ACCORD THE U.S.

BILATERAL SAFEGUARD RIGHTS THAT WOULD BE SUSPENDED WHILE IAEA SAFEGUARDS ARE BEING APPLIED.

3. U.S. RIGHTS OF APPROVAL AS TO WHERE IRRADIATED FUEL CAN BE REPROCESSED AND WHERE THE PRODUCED PLUTONIUM CAN BE FABRICATED OR STORED.

4. AN UNDERSTANDING (TO BE REFLECTED IN THE ACCOMPANYING NOTE) THAT THE PLUTONIUM PRODUCED FROM U.S.-SUPPLIED FUEL OR DERIVED FROM THE OPERATIONS OF U.S.-SUPPLIED REACTORS WOULD BE REPROCESSED, STORED, AND FABRICATED OUTSIDE EGYPT.

5. A PROVISION THAT MATERIALS AND FACILITIES SUPPLIED UNDER THE PROPOSED AGREEMENT WOULD BE SUBJECT TO ADEQUATE PHYSICAL SECURITY MEASURES TO GUARD AGAINST THEFT, DIVERSION, OR SABOTAGE BY SUB-NATIONAL GROUPS. WE WILL BE DISCUSSING SUCH MEASURES WITH EGYPT AND WILL INSURE THAT EFFECTIVE PHYSICAL SECURITY ARRANGEMENTS ARE CONFIDENTIAL

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DEVELOPED AND APPLIED BY THE GOE.

6. A PROVISION FOR APPLICATION OF INTERNATIONAL SAFEGUARDS ON ANY FACILITIES BUILT IN EGYPT UTILIZING TECHNOLOGY OBTAINED FROM THE U.S. UNDER THE AGREEMENT. THIS PROVISION EXTENDS SAFEGUARDS ON TECHNOLOGY TO INCLUDE NUCLEAR REACTORS. OTHER THAN TECHNOLOGY NATURALLY ASSOCIATED WITH PROVISION OF REACTORS, WE DO NOT CONTEMPLATE MAJOR TECHNOLOGY TRANSFERS TO EGYPT UNDER THE PROPOSED AGREEMENT.

7. FINALLY, OUR JOINT MEMORANDUM CONCLUDED DURING THE SADAT VISIT INCLUDED A STATEMENT THAT IT WAS THE INTENTION OF THE UNITED STATES TO HAVE THE SAME SAFEGUARD PROVISIONS AND SPECIAL MEASURES INCLUDED IN BOTH THE

UNITED STATES COOPERATION AGREEMENTS WITH EGYPT AND ISRAEL
RESPECTIVELY. AS NOTED, THE DETAILED TERMS WE HAVE
OFFERED TO ISRAEL ARE IDENTICAL TO THOSE WE HAVE PROPOSED
TO EGYPT.

WE WELCOME YOUR INTEREST AND WOULD STRONGLY
HOPE THE FRG WOULD ELECT
TO CONSULT CLOSELY WITH THE U.S. SHOULD IT ELECT TO
ENTER INTO ANY ARRANGEMENT COVERING NUCLEAR POWER EXPORTS
TO EITHER COUNTRY. THIS IS A CASE WHERE WE REGARD IT
TO BE PARTICULARLY IMPORTANT FOR THE SUPPLIERS TO MAINTAIN
PARITY IN THE SAFEGUARD TERMS AND CONDITIONS THEY ARE
OFFERING. UNQUOTE. KISSINGER

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